

CITY OF SEATTLE

RESOLUTION _____

..title

A RESOLUTION establishing a spending plan for the proceeds generated from a new
Progressive Tax on Business to address homelessness and housing affordability
authorized by the ordinance introduced as Council Bill 119250.

..body

WHEREAS, the City Council adopted the ordinance introduced as Council Bill 119250,

authorizing the collection of a new Progressive Tax on Business to address homelessness
and housing affordability, to be imposed beginning January 1, 2019; and

WHEREAS, the new Progressive Tax on Business is anticipated to generate \$75 million in
proceeds on an annual basis, as shown in the spending plan included as Attachment 1 to
this resolution; and

WHEREAS, the City faces a homelessness crisis, as evidenced by the 2017 Point-in-Time count
that showed 3,857 homeless people living unsheltered in the City; and

WHEREAS, recent data from the American Community Survey showed over 29,000 households
with incomes at or below 50 percent of area median income (AMI) are severely cost
burdened, paying over 50 percent of their income for rent and utilities, and, as a result,
are at potential risk of homelessness; and

WHEREAS, persons of color are disproportionately represented in the homeless population and
for renter households who are severely cost burdened; and

WHEREAS, the City is committed to eliminating racial inequities such as these through
implementation of the Race and Social Justice Initiative; and

WHEREAS, the new Progressive Tax on Business will generate significant funds to address
identified inequities; and

1 WHEREAS, these additional funds will increase the construction of long-term, low-income
2 housing units to address the primary cause of homelessness and the housing affordability
3 crisis, and to ensure such housing is permanently affordable; and

4 WHEREAS, the proposed spending plan is consistent with the City's Pathways Home plan,
5 based on the recommendations of Barbara Poppe and Associates and of Focus Strategies,
6 which prioritize assisting homeless people living unsheltered by placing them into
7 housing, including permanent supportive housing, in order to end their homelessness; and

8 WHEREAS, permanent supportive housing provides housing with much needed related services,
9 such as case management, mental health, and other services required to keep vulnerable
10 individuals stably housed; and

11 WHEREAS, the proposed spending plan allocates funding generated from the new Progressive
12 Tax on Business for the capital construction of additional long-term, low-income
13 housing serving those with incomes at or below 30 percent of AMI and those with
14 incomes from 30 to 60 percent of AMI, with an emphasis on assisting homeless people
15 living unsheltered in the City with incomes at or below 30 percent of AMI; and

16 WHEREAS, the City desires to expedite the development of additional affordable housing by
17 providing additional funds and prioritizing funding for projects that are ready to begin
18 development; and

19 WHEREAS, the City provides capacity-building assistance through the Equitable Development
20 Initiative to enable community organizations to prepare housing projects for
21 development; and

22 WHEREAS, several years ago, the City established a streamlined permitting process for low-
23 income housing projects to remove barriers to the development of such housing; and

1 WHEREAS, the City recently approved changes to the design review process for low-income
2 housing projects that should also improve the efficiency of this process and speed
3 development of such units; and

4 WHEREAS, the proposed spending plan allocates funding generated from the new Progressive
5 Tax on Business to address the immediate housing, shelter, public health, sanitation, and
6 other services needs of homeless people living unsheltered in the City; and

7 WHEREAS, the services funded are consistent with Resolution 18-06, adopted on March 15,
8 2018, by the King County Board of Health, which supports additional investments in
9 publicly accessible hygiene facilities, including handwashing, toilet, and shower facilities
10 for people who are homeless; and

11 WHEREAS, the City is investing in a person-centered response system that prioritizes homeless
12 families with small children, those with long histories of homelessness, and those with
13 the greatest barriers to housing stability, consistent with the Pathways Home plan; and

14 WHEREAS, the City embraces a “housing first” philosophy which endeavors to move people
15 quickly into housing and shelter by eliminating barriers to entry; and

16 WHEREAS, contracts for housing and services funded by the City include specific, measurable
17 outcomes that are to be achieved with funding provided; and

18 WHEREAS, the City and its regional partners are committed to annually assessing the
19 performance of funded programs to ensure they are operating effectively to place people
20 experiencing homelessness into shelter and ultimately into long-term housing, or provide
21 harm reduction measures to facilitate acceptance of homelessness services, and have
22 established performance standards that must be achieved by funded programs as depicted
23 in Attachment 2 to this resolution; and

1 WHEREAS, programs and services funded with the new business tax shall be required, as
2 applicable, to comply with these regionally supported performance standards; and

3 WHEREAS, homelessness is a regional issue, and the City is committed to using the additional
4 resources generated from the new Progressive Tax on Business in collaboration with
5 resources identified by our regional partners participating in All Home and One Table to
6 ensure the implementation of effective programs that address the homelessness problem;
7 and

8 WHEREAS, the City will maximize the leveraging of additional resources that may be
9 forthcoming from the State, as well as the County, to increase the number of housing
10 units serving homeless persons with incomes at or below 30% of AMI and to fund public
11 health and other services funded with the new Progressive Tax on Business; and

12 WHEREAS, the City Council passed Statement of Legislative Intent 281-1-B-2 in November
13 2017, requesting the Human Services Department to explore wage inequities for
14 contracted human service providers; and

15 WHEREAS, the City Council recognizes that wage inequities for contracted service providers
16 harm efforts to stabilize the workforce and that it is imperative to address equitable
17 workforce compensation in an effort to maintain existing homelessness programs and
18 expand program services; NOW, THEREFORE,

19 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**
20 **MAYOR CONCURRING, THAT:**

21 Section 1. Proceeds from the new Progressive Tax on Business imposed by the ordinance
22 introduced as Council Bill 119250 are intended to be used to expand housing, shelter, public
23 health, hygiene, sanitation, and other support services for those who are homeless or at

1 significant risk of homelessness, with priority for assisting those homeless people living
2 unsheltered and/or with very low incomes (at or below 30 percent of area median income
3 (AMI)). It is intended that the proceeds from the new Progressive Tax on Business will be used
4 to increase the production of long-term affordable housing, and fund operations and services
5 support for housing serving the homeless who are most vulnerable. The proceeds from the new
6 Progressive Tax on Business will also be used to increase the provision of immediate housing,
7 shelter, public health, hygiene, sanitation, and support services to assist homeless people living
8 unsheltered to move off the streets. Attachment 1 to this resolution establishes the spending plan
9 for the first five years of the new business tax.

10 Section 2. On or before December 14, 2018, the Executive shall submit an
11 Implementation Plan for the new Progressive Tax on Business to the City Council that includes:

- 12 a) Specific spending proposal for years one through five of the new ,
- 13 b) Proposed outcomes for each funded program or service;
- 14 c) How the programs or services will be implemented (i.e., responsible department, funding
15 processes, etc.);
- 16 d) Proposed policies for implementing funded programs or services; and
- 17 e) Proposal for an Oversight Committee responsible for overseeing expenditures and
18 reviewing performance of programs and services. The Executive will propose different
19 models, including but not limited to an option for a committee with oversight authority
20 for all Human Services Department homelessness investments.

21 The City Council intends to adopt modifications to the City's Housing Funding Policies to have
22 such policies apply to the revenues generated from the new Progressive Tax on Business. The

1 Council anticipates adopting such modifications when adopting the Implementation Plan in
2 December of 2018.

3 The Executive, with the support of the Seattle Office of Civil Rights, will conduct additional
4 racial equity analysis on the proposed Implementation Plan prior to submittal to the City
5 Council. The Executive shall work cooperatively with the City Council in the development of
6 this Implementation Plan to ensure it is consistent with the proposed Spending Plan. The City
7 Council intends to proviso funding in the 2019 budget to ensure funding is appropriated
8 consistent with the proposed Spending Plan.

9 Section 3. It is the Council's intent that all capital projects identified in the
10 implementation plan required in Section 2 of this resolution include community workforce
11 agreements, as well as requirements to meet or exceed the standards set forth in Chapter 20.37 of
12 the Seattle Municipal Code for any grants or contracts that are \$1,000,000 or more. To the extent
13 further council action is required to lower the threshold from \$5,000,000 to \$1,000,000, Council
14 intends to review SMC Chapter 20.37 and make necessary amendments. In addition, it is the
15 Council's intent that all capital projects use labor that is receiving area standard wages and bona
16 fide benefits, and that meets apprenticeship utilization of no less than 15 percent per contract and
17 no more than 20 percent per craft. To the extent required, future legislation will be developed
18 authorizing such requirements and any exceptions thereto.

19
20 Section 4. The Executive is requested to explore and provide recommendations on
21 funding the operation and services support for housing that would serve homeless individuals,
22 with incomes at or below 30 percent of AMI, who do not qualify for or require permanent
23 supportive housing but need housing with a lower level of services. In addition, the Executive
24 will explore models to increase the number of units serving homeless individuals with incomes at

1 or below 30 percent of AMI who need only affordable housing and no services. . In developing
2 recommendations for increasing the number of units serving those at or below 30% of AMI
3 units, the Executive shall examine the extent to which the availability of free or reduced land
4 could increase the development of such units. The Executive will also explore how persons who
5 are homeless would access additional housing provided within the current All Home referral
6 process that includes Coordinated Entry. The Executive will include recommendations along
7 with the submittal of the Implementation Plan referenced in Section 2 of this resolution.

8 Section 5. The Executive is requested to provide a report and recommendations on
9 providing funding for wage stabilization for direct service personnel providing services to people
10 experiencing homelessness, as described in Attachment 1 to this resolution, based on
11 examination of adequate staffing levels, compensation, and desired retention outcomes. This
12 examination shall be based on data gathered in response to Statement of Legislative Intent 281-1-
13 B-2, the audit of the Human Services Department’s contracting processes, and input from the
14 homeless service providers. The Executive will provide a report and recommendations with
15 submittal of the Implementation Plan referenced in Section 2 of this resolution. The initial
16 funding provided in the spending plan may be supplemented with future resources to address
17 identified workforce compensation issues.

18 Section 6. The City Council may, based on the program outcomes and understanding of
19 changing needs, modify the allocation of funding for programs and services through the
20 Council’s legislative and budget process.

21 Section 7. The Executive shall submit an annual report by March 1 of each year and a
22 semi-annual report by August 1 of each year beginning in the year following the authorization of
23 the New Progressive Tax on Business. These reports shall provide information on the housing

1 and services funded and the outcomes achieved because of the funding provided from the
2 proceeds from the business tax. In addition, it will include information on: apprenticeship
3 utilization percentage, priority hire utilization, utilization of women and people of color, women
4 and minority business enterprise utilization, women and people of color from pre-apprentice
5 programs. The annual report shall also include information on the leveraging of other State and
6 local sources used to provide housing and services funded by the New Progressive Tax on
7 Business.

8 Section 8. The City shall retain an independent economist to conduct an analysis of the
9 impacts of the Employee Hours Tax. Impacts to be measured include but are not limited to:
10 increases or decreases in jobs (full-time and part-time), annual gross revenues, number of
11 businesses that have relocated outside the City, and other data that directly relate to impacts on
12 businesses subjected to the new tax. The Executive shall develop a proposed scope of work for
13 this analysis, identifying specific data to be collected and estimated cost of the analysis. The
14 Executive shall submit this scope of work to the Council by September 4, 2018 along with a
15 proposed funding plan and a schedule for completing the work. The Executive shall work with
16 the City Council in the selection of the economist. The Executive shall include funding for this
17 analysis in the proposed 2018 3rd Quarter Supplemental Budget and the 2019 Proposed Budget.

18 Section 9. The City requests the State Legislature to significantly increase funding for the
19 State Housing Trust Fund that will be used as leverage for the new Progressive Tax on Business
20 and result in an increase in the number of affordable units produced by this tax. The Office of
21 Intergovernmental Relations is requested to include this request in the City's 2019 State
22 Legislative Agenda.

Adopted by the City Council the _____ day of _____, 2018,
and signed by me in open session in authentication of its adoption this _____ day of
_____, 2018.

President _____ of the City Council

The Mayor concurred the _____ day of _____, 2018.

Jenny A. Durkan, Mayor

Filed by me this _____ day of _____, 2018.

Monica Martinez Simmons, City Clerk

(Seal)

Attachments:

Attachment 1 - Proposed Five-Year Spending Plan for Business Tax – Annual Totals

Attachment 2 - System-Wide Performance Standards